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CONVERTING CUSTOMER
FEEDBACK INTO INTRIGUING
INSIGHTS

A free **White Paper** by Sean J. Jordan

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Introduction

I live a few miles down the street from a pretty incredible toy store – one of those shops that doesn't carry Barbie Dolls, Transformers or the latest afternoon entertainment industry fad merchandise, but which does carry toys like the office chimps playset, or the original Martian popping thing, or the musical instrument known as the “nose flute.”

That store, LagoonaMagoo Toys in Fairview Heights, IL, is a place I tend to visit at least once a month when I need to get a gift for a child (or, let's be honest, for myself!), but up until recently, I've had to plan my trips carefully due to one peculiar aspect of the store's operating hours:

It's been closed on Sundays.

What's interesting is that as long as this store has been in business, the sign on the door has listed Sunday as the day of rest. And while it's been a lovely idea to think that the employees of the store have been able to spend Sundays in some sort of idyllic traditional family time, it's hard to imagine that a modern specialty retailer might be able to keep its doors shuttered on a weekend shopping day that retailers often find busier than their weekdays. It's also been a source of frustration to many customers who have driven their children to the toy store during a shopping excursion only to find that the store is closed.

As it happens, things have changed recently for LagoonaMagoo Toys, and the store is now open on Sundays. This change is something of a compromise with the public – the store is only open from noon until 4PM – but it's also a sign of changing times, where the voice of the customer is growing so powerful that long-held traditions may have to be altered or discarded to ensure that the customer of the 21st century doesn't start looking for a less traditional alternative.

And these changes don't just affect toy stores or businesses closed on Sundays, either. As business practices have evolved over the last decade, it's become increasingly obvious that the role of the customer has shifted. Whereas a customer once looked to a product or a service to simply fulfill a need, today's customer expects to play some role in the service delivery process. Managing expectations is more important than ever in the modern arena of customer service... and making use of customer feedback to improve service is not only a good idea, but an incredibly important process that can yield valuable insights.

Unfortunately, it is often difficult for long-established businesses to know where to start when it comes to incorporating customer feedback into their planning. Often, the longer these businesses put off integrating feedback, the harder and harder they find it to stay afloat amongst competitors who are. In an economic bust, businesses that are not in the habit of listening to their customers are often among the casualties of closings.

But the good news is that it's never too late to start incorporating customer feedback, and while a customer relationship management (CRM) system is the ultimate ideal, there are plenty of inexpensive ways to sift through customer feedback and come out with some gleaming nuggets of great ideas.

The trick is in having a plan for how to deal with feedback... and a willingness to be proactive in soliciting it.

THE NATURE OF FEEDBACK

Dealing with negative feedback effectively is rarely an issue for most business owners, because businesses that do a poor job of dealing with complaints tend not to stay open for very long. It's well-known that an unhappy customer can become a detractor, and it's also established that detractors tend to spread bad news like the plague.

Dealing with dissatisfaction immediately is important, but typically, only the **most** dissatisfied customers voice their complaints. It is far more natural for customers who are experiencing problems to simply smile within the service encounter while silently vowing to never return. Confrontation is difficult, and customers see little reason to create a fuss when they know they're ultimately in control of whether or not they return to be served again.

Likewise, only a handful of the **most** satisfied customers ever share their accolades with the companies they deal with, and their praise tends to be directed at the frontline staff. While this feedback can be useful in boosting morale, it rarely reaches the upper echelons of the organization, because intermediaries often disregard it as being unimportant. "After all," these middle managers might reason, "the reason the front-line employees are getting complimented is because they're doing their jobs properly. Why should anyone at the top be bothered with hearing about that?"

Meanwhile, the worst complaints often make their way up the ladder quickly, either because a higher level of authorization is required to resolve the issue or because the customer escalates the issue.

The result of all this is that customer feedback gets skewed badly. The majority of the feedback is never being captured, while the negative feedback gains a higher level of prominence and the positive feedback is disregarded. It becomes easy for management to assume that front line employees are not doing their jobs well, and it likewise easy for front line staff and middle management to feel that there is little reason to celebrate positive customer feedback.

What's more, the many good ideas customers might have to improve service, visual marketing or product mix get lost in the shuffle because there's no system in place to weigh the value of a customer's perspective.

To effectively capture customer feedback, it's important to have a framework in mind for evaluating the feedback. I would suggest that there are three basic types of **feedback orientation** and three basic types of **feedback urgency**:

Orientation	Urgency
Positive	Immediate Action
Neutral	Eventual Action
Negative	No Action Required

With those criteria in mind, it's time to develop a system for dealing with feedback that can help to whittle down what your customers are telling you in a powerful way.

THE 'CARE' SYSTEM: HOW TO MAKE CUSTOMER FEEDBACK WORK FOR YOU

Dealing with customer feedback correctly requires rethinking the status quo and taking steps to create a system to ensure that feedback is not only being captured in a proper proportion, but also acted upon appropriately.

There are many methods for collecting feedback, of course, but it is important that these methods ultimately behave as components of a larger system rather than as independent sources of information that are all treated differently. Ultimately, any customer feedback system should follow a simple **CARE** system:

<p>Collect feedback from a customer. Assess its orientation and urgency. Respond to the feedback appropriately. Evaluate the outcome and repeat, if necessary.</p>
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So, for example, let's say that George the auto mechanic receives a customer complaint from Sue that the recent repair job he did on her electrical system didn't correct her faulty brake light, resulting in her getting a ticket. She wants George to fix the problem for free **and** reimburse her for the price of the ticket.

Under the CARE system, George should first listen to her complaint and gain a complete understanding of the situation. He should not get defensive or upset, nor should he share his personal conviction that it's the driver's responsibility to ensure that the car is working properly before driving it, not his. Once he has a complete understanding of the situation, he should do a quick mental assessment and determine that this is a problem that must be dealt with immediately and which is obviously negative.

George can then defuse the customer complaint by apologizing and offering to re-repair the car at no expense, and offer her a discount on her previous service or by offering some other means of compensation (such as future discounts, a free inspection, or so forth). From there, George can evaluate the outcome and, if the customer is not satisfied, repeat the CARE process until they can come to a point where she is.

This same system can be used for positive feedback. Let's say that George's next customer's car breaks down on a Friday afternoon, and George's assistant decides to stay late and fix it for her. She is very grateful, and comes in the next week to speak to George about the excellent thing his assistant did for her. After listening to the entire situation, George can quickly see that the customer is providing positive feedback that doesn't require any immediate resolution. He chooses to respond by approaching the employee and offering a personal congratulations for a job well done. When the employee confesses that he helped the customer because she was pushy and difficult, George evaluates the situation and takes the opportunity to coach his employee on the value of delivering top-notch service to even the most difficult customers.

Of course, these examples are simplistic and focused upon small business service exchanges. But the CARE system can work for larger organizations as well; it is simply the backbone of what needs to happen, and it provides signposts for the steps that each method should follow.

The CARE system also provides a powerful framework for turning feedback into data. Any time a piece of customer feedback comes in, whether it is through front-line staff, middle management or the

upper echelons, the person responsible for handling the case should document it. This documentation should include not only what the feedback was, when it occurred and in what stage of the service delivery process it happened, but should also include its orientation, its urgency, a description of its resolution and an evaluation of its outcome. The documentation should also include the source of the feedback (such as a written letter, a phone call, a personal interaction, etc.) A sample form is included in the appendix of this paper.

This data should then be compiled into a central database and examined periodically for common themes. Once several pieces of feedback have been registered, patterns will begin to emerge, potentially showing areas of concern and competitive strengths.

Once this database is in place, here are three ways in which your organization can use the CARE system to begin putting customer feedback to work.

Diagnosing Process Problems with Negative Data

One of the most common methods of using negative customer feedback is to look at individual cases and to assess the symptoms of the problem, try to determine the cause, and then resolve the issue. While this is certainly a good way to start dealing with feedback, it's limited in its usefulness, particularly in the same problems continue creeping up over time. Often, looking at isolated symptoms leads to a faulty diagnosis of the problem, and it can be difficult to assess whether a resolution will minimize similar problems in the future.

By using the CARE system database outlined above to record complaints, it becomes far easier to detect common threads among complaints, particularly when particular areas of a process are disrupted. Symptoms can be more easily investigated, and problems can be uncovered either through a thorough analysis of complaints or by examining the area of complaint.

It is always tempting, of course, to see if there is an **individual** who is causing the problems associated with the symptoms, but even if there is, it is rarely a good idea to single out an individual and place the blame squarely on his or her shoulders. Often, a hidden factor emanating from above (such as improper training, miscommunicated mandates, or the like) is influencing that individual.

Rather, it is best to use this diagnostic method as a means of improving internal training and processes. If, say, George the auto mechanic finds that his assistant is perceived as being rude and the complaints all have a common theme of his gruff manner at the cash register, George can take the time to teach his assistant to smile and be more personable – saving George from having to go through the process of firing his current assistant and finding a new one when the real problem is simply that his assistant needs a gentle prod to be nicer to people.

Recognizing Successes with Positive Data

It can be difficult to recognize which front-line employees are doing a great job of satisfying customers, and customer feedback often plays a crucial role in determining which employees are going above and beyond. By establishing a CARE system database, it becomes easier to see if positive customer feedback is centered around a handful of employees, or if it is spread more evenly throughout the front lines of service.

Examining positive customer feedback can provide more than a simple indication of which employees are performing well – it can also provide insights into how customers would like to be treated and what best practices employees can put to use to improve customer satisfaction throughout the organization. Once again, these positive insights can provide guidelines for improving training, but they can also provide stories that can inspire and empower employees.

For instance, George the auto mechanic might find that his assistant has been offering customers a quick free check-up on their cars to provide early detection for mechanical problems that could be costly down the road. A few customers compliment the assistant for letting them know about the problems they may face and providing them with cost estimates for repair before and after without pressuring them to make an immediate decision. George is not only able to clap his assistant on the back and thank him for a great idea, but is also able to put the idea into practice himself, ensuring a higher level of overall customer satisfaction.

Obtaining Otherwise Unsolicited Customer Feedback

One area of customer feedback the previous two methods will not address is feedback which is unsolicited. Customers rarely take the initiative to express their opinions in a manner which can be tracked, and even when the companies that serve them solicit it (by asking them to take a survey online or by sending out a survey to registered customers), the response rate tends to be extremely low. What's more, those who are either extremely negative or positive are much more likely to answer, skewing the results.

A better method of collecting this data is to actually contact customers directly and to interview them. This can be accomplished through using an internal database (such as having customers register their address and phone number to receive promotional information) or by asking customers to write down their contact information to be entered in a drawing for a prize.

However the contact information is obtained, it should become a regular practice to contact a randomly-selected sample of customers and briefly ask them for their opinions. There are really only three questions that are necessary to ask:

- What's the best experience you've had with our company?
- What's the worst experience you've had with our company?
- What can we do to serve you better?

For the first two questions, a worksheet similar to the one used in the previous methods can be filled out and entered into the database. The final question may require another worksheet, or it may simply generate an anecdote or a statement of feeling that can be analyzed separately.

If more information is desired, it may also be wise to invite two small and randomly-selected groups of customers to participate in focus group-style discussions. (Two groups are recommended because it will be necessary to compare the results between groups to see if common themes emerge.) These groups could be moderated by a member of the management team or by a trained professional moderator. The questions asked during each group should focus on three areas: the service provided by your own company, what your competitors are doing that you are not, and what the ideal experience for a customer should be.

Stories about your company's own service generated in this focus group should be integrated into the CARE system database, but the additional data should also be analyzed for common themes, particularly between the two groups. Focus groups tend to provide incubation for new ideas, so it is generally wise to invite other managers to either sit in as observers or to record the groups so they can be viewed later on.

George the auto mechanic might be too busy to hold a focus group, but he certainly has time between repairs to randomly call his customers and to ask the three questions outlined above. While some of his customers might not be as straightforward with him as they would be if they were talking to a third party, they are likely to provide him with a general assessment of his services... and may even feel a stronger loyalty to his business since they now know that he is working hard to make their needs his priority.

CLOSING THOUGHTS

Ultimately, the best way to deal with customer feedback is to **have a system**, whether it's the aforementioned CARE system or some other system of your own devising. What's important is realizing that customer feedback is incredibly valuable, and when it is treated as an afterthought, customers may eventually begin to feel that **they** are an afterthought as well.

Fortunately, when customer feedback is taken seriously, good things can happen. Consider the case of LagoonaMago Toys, which I referenced at the beginning of this paper. Though owner Shawntá Ray explained that the realities of the difficult economy and some advice from stakeholders had something to do with opening the store on Sundays, Ray also said that she had made use of direct customer feedback and indirect feedback from the Internet (such as reviews on sites like Yelp!) to influence her decision. According to Ray, the decision has been a positive one – during the four hours the store is open on Sundays, it contributes a healthy boost to sales for the week. It also delights some customers who were previously unable to patronize the store on Sundays.

And customer feedback has played a large role in other aspects of her store operations, too. When Ray took over the company, she found that the original owner had never marked down aging merchandise and that customers really wanted an opportunity to search for bargains when they were in the store. She also found that the stores were perceived as being a little too full. The result? More frequent sales and clearance merchandise, allowing for improved customer satisfaction and a reduction in older inventory.

Customer feedback is a valuable tool when it is taken seriously and applied properly. And since customers tend to know best how they are most likely to be delighted, the organizations that listen most closely to the voice of the customer are also the surest to succeed throughout the next century.

A special thanks to Shawntá Ray of Happy Up Inc. for being willing to explain the role of customer feedback in her business. Learn more about her toy stores at <http://www.happyupinc.com>.

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